

oversee and control in all respects the financial affairs of the Debtor [i.e., RBI], including, but not limited to ... the conversion of WTVE to digital format utilizing DTS technology or other technology which will insure such conversion by July 1, 2006 (or any extended deadline authorized by the FCC) in a manner superior to DTS.

Appointment Order, page 2. A true and correct copy of the Appointment Order is attached hereto as Exhibit "B" and hereby incorporated herein by reference.

5. On or about January 17, 2006, the Bankruptcy Court entered an Order appointing me as the Chapter 11 Trustee of RBI's estate pursuant to 11 U.S.C. Section 1104.

6. In addition to the responsibilities set forth in the Appointment Order, I am responsible for managing RBI's financial affairs and its operations. 11 U.S.C. Section 1106; *See also*, Appointment Order attached as Exhibit "B". Specifically, pursuant to 11 U.S.C. Section 1106, I am required to:

- (1) perform the duties of a trustee specified in sections 704
- (2) (accountable for all property received), 704 (5) (if a purpose would be served, examine proofs of claims and object to the allowance of any claim that is improper), 704
- (7) (furnish such information concerning the estate and the estate's administration as is requested by a party in interest), 704 (8) (if the business of the Debtor is authorized to be operated, file with the court, with the United States trustee, and with any governmental unit charged with responsibility for collection or determination of any tax arising out of such operation, periodic reports and summaries of the operation of such business, including a statement of receipts and disbursements, and such other information as the United States trustee or the court requires), and 704 (9) (make a final report and file a final account of the administration of the estate with the court and with the United States trustee of this title);
- (2) if the Debtor has not done so, file the list, schedule, and statement required under section 521 (1) of this title;
- (3) except to the extent that the court orders otherwise, investigate the acts, conduct, assets, liabilities, and financial condition of the Debtor, the operation of the Debtor's business and the desirability of the continuance of such business, and any other matter relevant to the case or to the formulation of a plan;
- (4) as soon as practicable—
 - (A) file a statement of any investigation conducted under paragraph (3) of this subsection, including any fact ascertained pertaining to fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in the management of the affairs of the Debtor, or to a cause of action available to the estate; and
 - (B) transmit a copy or a summary of any such statement to any creditors' committee or equity security holders'

committee, to any indenture trustee, and to such other entity as the court designates;

(5) as soon as practicable, file a plan under section 1121 of this title, file a report of why the trustee will not file a plan, or recommend conversion of the case to a case under chapter 7, 12, or 13 of this title or dismissal of the case;

(6) for any year for which the Debtor has not filed a tax return required by law, furnish, without personal liability, such information as may be required by the governmental unit with which such tax return was to be filed, in light of the condition of the Debtor's books and records and the availability of such information; and

(7) after confirmation of a plan, file such reports as are necessary or as the court orders.

Background of RBI

7. RBI owns and operates the independent television station WTVE Channel 51 (Analog), and Channel 25 (Digital). RBI was organized in 1976 and began to broadcast to the Reading, PA, and Philadelphia area markets in 1980. RBI's broadcast area is one of the most desirable broadcast markets in the United States due to its size and the density and diversity of its population.

8. RBI currently broadcasts a mix of home shopping, local, regional and national long-form advertising (i.e. infomercials), children's, religious and locally produced public service programming. It primarily broadcasts children's programs in the morning and religious programs in prime time hours; home shopping shows and infomercials are used throughout the broadcast day to fill in the available time slots when its primary programming is not shown. In addition to the cable systems that carry RBI's signal, both satellite providers (i.e. DISH and DirecTV) carry RBI's signal.

9. RBI currently employs approximately twenty people in various technical, administrative and support roles, including a chief engineer, assistant chief engineer, traffic manager, bookkeeper, master control operators and receptionist. RBI has both full-time and part-time employees.

10. RBI has fifty-eight shareholders, who in aggregate hold 1,287,619 common shares on 95 separate share certificates. The shareholders controlling more than five percent of RBI are:

Shareholder	Ownership Percentage
Partel Inc., Micheal L. Parker, Sr., President	39.77%*
The Cohen Group, L.P., Irvin Cohen, General Partner	10.65%
Harvey L. Massey	8.85%
Jack A. Linton	7.52%
Robert H. Clymer Estate Reduction Trust, Fay Clymer, Trustee	7.07%

*9.20% held as an irrevocable proxy. Remainder owned of record and beneficially.

11. As more fully explained below, RBI is currently implementing its plan to strengthen and digitally broadcast its signal.

Events that Lead to the Bankruptcy Filing and Financing the DTS

A. The Failed Tower Purchase

12. Prior to my appointment as Chapter 11 Trustee, RBI purchased a parcel of real estate in Fancy Hill in Earle Township (the "Fancy Hill Property") upon which it intended to construct a new large tower to broadcast its digital signal. However, after RBI purchased the Fancy Hill Property, it discovered that the zoning applicable to the real estate prohibited the erection of the intended tower. This failed tower purchase placed RBI in a position of not being able to use a single tower, and caused RBI to search for alternative transmission methods.

B. The PTN Litigation

13. In November 1999, RBI terminated its affiliation with Telemundo and entered into a Time Brokerage Agreement ("TBA") with Philadelphia Television Network ("PTN"). PTN was to provide a high-quality local news programming service (similar to CNN, MSNBC, Fox News, etc.) throughout the majority of the viewing day. Additionally, PTN bought options to acquire 40% of RBI's outstanding stock, positioning itself to buy the station outright after RBI secured its license renewal. However, after a year, PTN abandoned the news format and instituted a format of paid religion, home-shopping and infomercials.

14. RBI terminated the TBA on August 6, 2001. PTN responded with three separate attempts at injunctions to get back on the air. All three times PTN was rebuffed by the courts. In December 2001, RBI's shareholders terminated PTN's option rights when PTN failed to pay the required \$0.58 a share it owed shareholders to renew the options for a year. In February 2004, PTN's claims for \$22 million in damages went to trial before a judge in the Court of Common Pleas, Philadelphia County, Pennsylvania (the "State

Court"). In July 2005, the State Court awarded damages in the amount of \$9.4 million and indicated that it would find in favor of PTN for the value of 40% of the equity of RBI.

15. Between the failed tower purchase and the PTN litigation, RBI was unable to secure financing to complete the digital build-out. Specifically, prior to the Commencement Date, RBI sought approximately \$4,000,000.00 of financing with Wells Fargo Foothill, Inc. (the "Lender") to complete the digital build-out. The Lender would not approve the loan. At this point, RBI decided to file for bankruptcy protection. After the bankruptcy filing, RBI was able to obtain additional financing.

The Trustee's Analysis of DTS

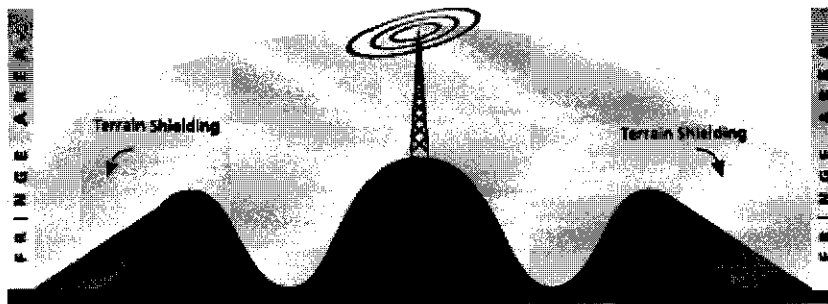
16. Immediately upon my appointment, I explored the alternative digital transmission systems available to RBI. I exercised my business judgment by concluding that RBI's best option is to construct a DTS. I believe that the construction of a DTS is in the best interest of RBI, its estate and creditors, and will maximize the value of RBI.

17. During my analysis of DTS, I learned that the FCC has approved the use of DTS in principle as outlined in its *Second DTV Periodic Report and Order* and is currently developing rules related to the use and operation of DTS. In its *Clarification Order and Notice of Proposed Rulemaking* report issued November 4, 2005, the FCC states that the implementation of DTS technology will facilitate the ability of stations (not just RBI) transitioning to digital broadcasting. Additionally, I am informed that the FCC believes that primary status can be conveyed within a licensee's service area in order to obtain the benefits of spectrum efficiency offered by DTS techniques. The report also states that DTS techniques will increase a broadcaster's level of service while simultaneously reducing or maintaining the same level of interference. Furthermore, DTS offers licensees the opportunity to provide better service within their coverage area while minimizing the impact on current and future surrounding station broadcasts.

18. I also visited and examined the only functional station (WPSX-DT) in the United States using DTS to determine the feasibility of RBI installing a DTS using RBI's parameters.

19. A problem facing RBI is its broadcast location in the northwest corner of the Philadelphia television market. Because FCC rules mandate TV stations transmit a signal of minimum required strength (i.e., a "City Grade" signal) over the city of license without any intervening terrain obstacles, RBI had to locate the antenna and transmitter, which broadcasts at 1.1 million watts, on Mount Penn, adjacent to Reading, Pennsylvania. Mount Penn is a north-south ridge 1,100 feet above sea level, which runs along the eastern edge of Reading (which is 200 to 300 feet above sea level). This ridge prevents RBI from moving its transmitter and antenna closer to Philadelphia, because any such move results in substantial areas of Reading being

"shadowed" by Mount Penn and thus receiving a signal of less than City Grade. An example of this is illustrated in the figure below.



Source: Axcera, LLC

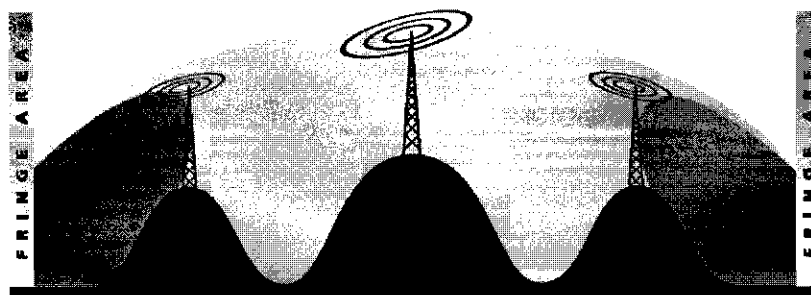
20. The dark areas, indicated as the areas subject to terrain shielding, in the illustration above represent areas that would receive a signal of less than "City Grade" or no signal at all if RBI were to move RBI's broadcast antenna closer to Philadelphia. Because RBI's transmitter and antenna are located on Mount Penn, about 42 miles from Roxborough (Philadelphia), where the majority of the other Philadelphia television market television stations have located their transmitters and antennae, RBI's broadcast is at a competitive disadvantage over its competitors' signals. The result has been diminished cable system carriage and penetration in the well-populated portions of the Philadelphia market to the east of the Delaware River.

21. Consequently, RBI decided that it must determine a way to broadcast a strong signal into the Philadelphia market, while both maintaining a "City Grade" strength in the Reading market and not interfering with the broadcast signals of competing stations. In order to solve this problem, as noted above, on behalf of RBI, I retained Merrill Weiss of the Merrill Weiss Group, LLC ("MWG") to oversee the construction of the DTS.

22. The DTS will carry RBI's digital broadcast signal. MWG, who designed and built the first DTS in the United States and who is generally regarded as the "father" of DTS design and construction, has designed a DTS for RBI that will provide a wide-area coverage of the Philadelphia and Harrisburg markets. RBI will employ existing towers and will side-mount the antennas on each tower at specified heights using a qualified tower rigger. The largest antenna and transmitter of the DTS will be located in Roxborough. RBI's signal will reach each tower site by satellite from Reading; the equipment will be housed on a small equipment rack. For the large transmitter at Roxborough, a qualified rigger will install the antenna and the transmitter will be housed in an existing building. The entire system will be synchronized with the master transmitter from Roxborough.

23. A Special Temporary Authority was filed on behalf of RBI for the DTS on April 7, 2006. I am currently awaiting a decision on this request.

Illustration of a Distributed Transmission System:



Source: Axcera, LLC

24. Instead of one transmission tower broadcasting RBI's signal, a DTS uses multiple synchronized transmitters that are located around a station's service area. Each transmitter is operated synchronously by a precisely-timed computer located at RBI. Each transmitter broadcasts the station's digital signal on the same channel and relies on the performance of "adaptive equalizer" circuitry in digital receivers to convert the multiple signals into a single signal.

25. Thus, RBI will transmit a strong City Grade signal from Mount Penn into Reading while simultaneously broadcasting a digital signal from the Roxborough "antennae farm" and from sites in Allentown, Lancaster and Wilmington, Delaware. The predicted coverage from this arrangement should substantially increase RBI's coverage in Philadelphia, Trenton, Allentown, Wilmington and southern New Jersey.

26. Once the DTS is operational, RBI will broadcast on four (4) to six (6) digital channels. With the digital signal expanding the broadcast reach of RBI, its signal will be seen by approximately 500,000 more homes (with a potential to reach up to a total of an additional 750,000 households¹); adding to the 1.8 million cable and 300,000 satellite homes that already receive its broadcast signal. When the maximum additional homes are reached *via* RBI's DTS broadcast, it will represent approximately a 36% increase in total households now reached by RBI. This increase in households

¹ The first addition of TV households comes from RBI's increased signal strength. The increased signal strength allows RBI to reach areas it was previously unable to reach. The second addition of TV households comes from increased cable carriage to areas in southern Delaware due to "must-carry" laws. The third and final addition of TV households comes from RBI's broadcast reach into the Harrisburg, PA, market to the west. Again, "must-carry" laws dictate that since RBI's signal will reach this market, it must be carried into that market's TV households. RBI will request a market modification ruling from the FCC to ensure carriage to this market.

reached by RBI maximizes its penetration rate of the Philadelphia viewing market from approximately 72% to approximately 100%. Based upon my information and belief, I submit that the four (4) to six (6) additional digital channels will enable RBI to increase its programming offerings and generate increased advertising revenues.

27. RBI believes the DTS will not only increase the value of RBI as a commercial television station, but will also increase the price which RBI can command for its air time, and, consequently, RBI's gross revenues.

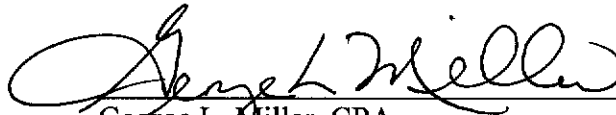
28. As mentioned above, based on the information I have learned about RBI and DTS, I have concluded that DTS is in the best interest of the RBI, its estate and its creditors. Accordingly, I analyzed the costs of the DTS build-out and determined that RBI would need a credit facility in an amount of \$7,750,000. On March 29, 2006, the Bankruptcy Court approval was sought and given for this larger credit facility, which is being used to fund the construction of the DTS build-out.

29. RBI has been working diligently to get the DTS in place and operating by the July 1, 2006 conversion deadline, and has made significant and substantial progress in the construction of the DTS since my appointment. For example, since my appointment: (i) of the 8 towers that are required for RBI's DTS, 7 of the 8 towers are now under lease, with the remaining 1 tower currently under lease negotiations; (ii) I have ordered and submitted down payments for each of the 8 antennas for RBI's DTS, and the antennas are expected to arrive in the United States between July 14, 2006 and July 28, 2006; (iii) installation subcontractors have been engaged for 7 of the tower sites -- the 8th installation subcontractor will be determined based upon the date an STA is issued; (iv) transmitter testing is currently being conducted; (iv) all of the transmitters required for RBI's DTS have been ordered and awaiting shipment. Notwithstanding the foregoing, RBI will need a short, reasonable extension of the July 1, 2006 replication/maximization interference protection deadline for WTVE-DT. The length of the extension requested is determined by the date the STA is issued.

30. I believe that when RBI's conversion to the DTS is complete, it will have the strongest broadcast signal in the Philadelphia market. Having the strongest broadcast signal will enable RBI's TV station to reach the largest number of households in the Philadelphia and surrounding areas, thus generating increased interest from advertisers since they will seek to advertise on the TV stations with the strongest and farthest reaching broadcasts. Accordingly, RBI's DTS build-out will maximize the value of RBI and is in the best interest of RBI and its estate and creditors.


Conclusion

31. As mentioned above, this Affidavit is submitted in support of the Waiver Request, and I believe that RBI has demonstrated a commitment, both financially and operationally, to the digital transition for WTVE-DT. Accordingly, in light of the significant and substantial progress made by RBI in constructing the DTS, notwithstanding RBI's bankruptcy proceedings, I respectfully submit that sufficient cause exists for the Commission to extend the replication/maximization interference protection deadline for WTVE-DT.



George L. Miller, CPA,
Chapter 11 Trustee for
Reading Broadcasting, Inc.

Sworn before me
On this 24th day
Of June, 2006.


Notary Public